

FILED UNDER SEAL PURSUANT TO THE E-GOVERNMENT ACT OF 2002

**AFFIDAVIT IN SUPPORT OF APPLICATION
FOR ISSUANCE OF CRIMINAL COMPLAINT AND ARREST WARRANT**

CLERK, US DISTRICT COURT
NORFOLK, VA

I, Jeremy Ashe, being duly sworn and deposed, states as follows:

2:15mj140

INTRODUCTION

SEALED

1. I am a Special Agent (SA) with the Internal Revenue Service – Criminal Investigation (IRS-CI) in its Norfolk, VA office and have been so employed since February 2007. My duties include the investigation of federal criminal offenses, including money laundering and criminal tax violations.
2. I became an SA with the IRS after receiving approximately 26 weeks of basic training at the Federal Law Enforcement Training Center in Glynco, GA. This training covered many aspects of conducting financial investigations, including: a) identifying the means and techniques by which persons engaged in criminal activities derive, launder, conceal, and spend illegally-obtained proceeds and use their businesses and assets to facilitate unlawful activities; b) the preparation of affidavits in tax and non-tax investigations in support of the seizure of financial and tax records, ledgers, books, cash and other valuables, documentation reflecting tax and non-tax violations, and records pertaining to the acquisition and ownership of assets. I have experience in conducting surveillance, executing search and arrest warrants, debriefing defendants and witnesses about criminal activities, and in investigating financial crimes and tracing the proceeds of criminal activities.
3. I am conducting the investigation described in this affidavit with an inspector from United States Postal Inspection Service (USPIS), collectively referred to as the “investigative team.” The information in this affidavit is based on my knowledge of facts discovered during the investigation and on information provided by other law enforcement investigators and witnesses during the course of the investigation. This information has been obtained from, among other means, surveillance activities, victim and witness interviews, and review of subpoenaed and other documents and records obtained from a variety of sources.
4. Since this affidavit is submitted for the limited purpose of establishing probable cause in support of a criminal complaint and the issuance of arrest warrants, I have not included each and every fact known to the investigative team concerning this investigation. I have set forth only those facts that are necessary to establish probable cause that MARK JACOB JONES, SR. (hereinafter referred to as “JONES”), and others known and unknown, committed the following offenses: (1) aggravated identity theft in violation of Title 18 U.S.C. § 1028A(a)(1), and (2) conspiracy to commit mail fraud in violation of Title 18, United States Code, Section 1349.

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Applicable Statutes

5. **Title 18 United States Code Section 1028A(a)(1), Aggravated Identity Theft:**

Section 1028A makes it a criminal offense for a person, during and in relation to certain felony violations such as 18 U.S.C. § 1341, from knowingly transferring, possessing, or using, without lawful authority, a means of identification of another person.

6. **Title 18 United States Code Section 1349, Conspiracy:** Section 1349 makes it a criminal offense for a person to attempt to or conspire to violate Title 18, United States Code, Section 1341, mail fraud. Title 18, United States Code, Section 1341, mail fraud, makes it a criminal offense for a person to devise or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, for the purpose of executing such scheme places in any post office or any authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service, communication in interstate or foreign commerce, any writings, signs, signals, for the purpose of executing such scheme or artifice.

Investigative Background

7. In 2013, IRS-CI was notified by a check cashing business that six hundred forty (640) U.S. Treasury Checks (Treasury Checks) totaling \$2,087,571.14 had been negotiated by one of their offices located in Norfolk, Virginia between April of 2011 and February of 2013. All of the checks were negotiated by one employee who circumvented company policy by failing to properly identify and retain photographic identification of the individuals to whom the checks were payable. The employee of the check cashing business was Tanya Evans who has subsequently entered a plea of guilty to conspiracy to defraud the United States with respect to false claims in violation of 18 U.S.C. § 286. Evans has cooperated with the investigation and identified Ronald Chisholm as the individual who brought the checks for her to cash. Evans admitted that Chisholm brought her the Treasury Checks that were in the names of hundreds of different individuals and paid Evans \$200 per check to cash them in violation of the company's policy. A grand jury sitting in the Eastern District of Virginia returned a twenty-four count indictment against Chisholm charging him with conspiracy, mail fraud, aggravated identity theft, and false claims.

8. To determine the extent and nature of this fraud scheme and identify any potential co-conspirators, investigators performed an analysis of the 640 Treasury Checks that were cashed in the Eastern District of Virginia. This analysis revealed, among other things, that many of the checks were sent to the same or similar addresses. Investigators also learned that despite the fact these checks were cashed in the Eastern District of Virginia, most of them were mailed to addresses outside of the Eastern District of Virginia. For instance:

- Thirty two (32) Treasury Checks worth \$102,437.03 were mailed to 11500 Westwood Blvd, Apt. 416, Orlando, FL 32821;
- Twenty nine (29) Treasury Checks worth \$92,526.03 were 388 Wickes Road, Bushkill, PA 18324;

- The remaining five hundred seventy-nine (579) Treasury Checks were sent to addresses in Virginia, Pennsylvania, New York, and Florida.

9. Based upon this analysis, investigators concluded that Chisholm was likely part of a conspiracy that likely included a number of individuals residing or having access to mail service at the above referenced locations. Investigators also learned that in addition to the above referenced 640 checks, there were other checks deposited in individual bank accounts and business bank accounts both in the Eastern District of Virginia and elsewhere.

Fraudulent Returns

10. As noted above, all of the Treasury Checks were either negotiated by a check cashing business or deposited into checking accounts. Investigators determined that these Treasury Checks were issued and received as a result of conspirators mailing false returns via the United States Postal Service. Additionally, the income tax refunds, in the form of Treasury Checks, were mailed via the United States Postal Service to the addresses listed on the returns. The Treasury Checks identified by the investigative team, were mailed to cities located in New York, Pennsylvania, Florida, Colorado, and Virginia.

11. Surveillance indicates that the addresses associated with the returns range from single family homes, apartment complexes, condominiums, and what appear to be vacant homes. Additionally, the street numbers listed on the address may not exist on the street. Finally, Treasury Checks are mailed to variations of an address, such as adding an apartment number to a single family home, or sending it to an apartment complex with an apartment number that does not exist.

12. All of the returns claim the head of household filing status, with approximately \$13,000 to \$15,000 of self-employment income on an attached Form Schedule C – Sole proprietorship. Schedule C income, or self-employment income, does not require a Form W-2 or 1099 be submitted to the Internal Revenue Service to verify the income. All of the returns then claim the Earned Income Credit, which is a tax credit for low to moderate income tax payers which reduces the amount of tax owed and may result in a refund. As a result of the Earned Income Credit, a refund usually ranging between \$3,000 and \$3,600 is claimed on the returns.

13. The returns associated with this scheme are paper returns mailed well after the filing due date for the respective tax year. For example, the 2011 and 2012 return for identity theft victim KS (referred to in paragraph #24) was received by the Internal Revenue Service on November 10, 2014

14. Each of the mailed returns were filed using stolen PII, including the stolen PII of two unrelated minors listed on the return as dependents. The stolen PII under which the returns were filed, along with the unrelated minors claimed as dependents, remained consistent. For example, the dependents claimed on the returns of TB (referred to in paragraph #21) were claimed for the 2009, 2010, 2011, and 2012 tax years. The returns for the 2009 and 2010 tax years in the name of TB were received on October 19, 2012, while the returns for the 2011 and 2012 tax years were

received on January 3, 2014.

MARK JACOB JONES, SR.

15. On or about, March 31, 2014, JONES purchased the residence located at 6280 North Fundy Street, Aurora, CO 80019.

16. According to subpoenaed records, tax records, Post Office Box Applications, and Florida Department of Motor Vehicle records, JONES previously resided at and/or received mail at the following addresses since 2011:

- 11500 Westwood Blvd, Apt. 416, Orlando, FL 32821
- 388 Wickes Road, Bushkill, PA 18324

17. According to subpoenaed bank records, since June of 2013, eighty-three (83) third party Treasury Checks worth \$263,804.67 have been deposited in to five separate checking accounts in the name of JONES. Of these eighty-three Treasury Checks:

- Five (5) Treasury Checks worth \$14,976.91 were mailed to 11500 Westwood Blvd, Apt. 416, Orlando, FL 32821;
- One (1) Treasury Check worth \$795.23 was mailed to 388 Wickes Road, Bushkill, PA 18324, and;
- Nineteen (19) Treasury Checks worth \$41,668.65 were mailed to 6280 North Fundy Street, Aurora CO 80019.
- The remaining fifty-eight (58) Treasury Checks were mailed to New York addresses. Of the fifty-eight Treasury Checks, twenty-three (23) were mailed to the exact same addresses as Treasury Checks negotiated at the check cashing business located in Norfolk, Virginia.

18. Fourteen (14) third party Treasury Checks worth \$39,781.41 were deposited into JONES' Fidelity Account #XXXX-9502. JONES is the sole account holder for Fidelity Account #XXXX-9502 and the mailing address associated with this account when opened was 11500 Westwood Blvd, Apt. 416, Orlando, FL 32821. On December 16, 2014, the mailing address associated with Fidelity Account #XXXX-9502 was changed, by the online subscriber, to 6280 North Fundy Street, Aurora, CO 80019.

Identity Theft Victim Interviews

19. Twenty five (25) identity theft victims were interviewed by members of the investigative team, Special Agents with IRS-CI, or Postal Inspectors with the United States Postal Service. Each of the victims confirmed their personal identifying information (PII) was stolen and used to file fraudulent U.S. Individual Income Tax Returns, Form 1040 (returns), in their names. PII is sensitive information that, either alone or in combination with other information, can be used to uniquely identify, contact, or locate a person. PII includes but is not limited to names, addresses, social security numbers, and dates of birth.

20. For purpose of this affidavit, only the details of four (4) victim interviews are included.

21. On January 26, 2015, victim TB was interviewed by a member of the investigative team concerning paper returns filed using his PII for the 2009, 2010, 2011, and 2012 tax years. TB confirmed that she had not filed a return for the 2009, 2010, 2011, and 2012 tax years, and had not given anyone consent to file a return on her behalf. TB had no knowledge of the dependents on the return, and currently does not have any dependents. TB was not familiar with the mailing addresses listed on the returns, an address located in Arverne, NY for the 2009 and 2010 returns, and 11500 Westwood Boulevard, Apt. 416, Orlando, Florida 32821 for the 2011 and 2012 tax years. The Treasury Checks associated with the 2009 and 2010 returns were negotiated at the check cashing business in Norfolk, Virginia. A Treasury Check was not issued by the IRS for the 2011 return. The Treasury Check associated with the 2012 return was mailed to 11500 Westwood Boulevard, Apt. 416, Orlando, Florida 32821 on or about February of 2014 and subsequently deposited into a checking account held by JONES.

22. On January 26, 2015, victim HD was interviewed by a member of the investigative team concerning paper U.S. Individual Income Tax Returns, Form 1040 (Hereinafter referred to as "Returns") filed using her PII for the 2009, 2010, 2011, and 2012 tax years. HD confirmed that she had not filed the returns for the 2009, 2010, 2011, and 2012 tax years, and had not given anyone consent to file a return on her behalf. HD had no knowledge of the dependents on the return, and currently does not have any dependents. HD was not familiar with the mailing addresses listed on the returns of 388 Wickes Road, Bushkill, PA 18324 for the 2009 and 2010 returns; and 6280 North Fundy Street, Aurora, CO 80019 for the 2011 and 2012 returns. The Treasury Checks associated with the 2011 and 2012 returns were mailed to 6280 North Fundy Street, Aurora, CO 80019 on or about August of 2014.

23. On January 26, 2015, victim CT was interviewed by a member of the investigative team concerning the paper returns filed using his PII for the 2009, 2010, 2011, and 2012 tax years. CT confirmed that he had not filed the returns for the 2009, 2010, 2011, and 2012 tax years, and had not given anyone consent to file a return on his behalf. CT had no knowledge of the dependents on the returns. CT was not familiar with the mailing addresses listed on the returns, an address located in East Stroudsburg, PA for the 2009 and 2010 return and 6280 North Fundy Street, Aurora, CO 80019 for the 2011 and 2012 returns. The Treasury Check associated with the 2011 return was mailed to 6280 North Fundy Street, Aurora, CO 80019 on or about August of 2014. The Treasury Check associated with the 2012 return was not issued by the Internal Revenue Service.

24. On January 28, 2015, victim KS was interviewed by two IRS – Criminal Investigation agents concerning the paper returns filed using her PII for the 2011 and 2012 tax years. KS confirmed that she had not filed the returns for the 2011 and 2012 tax years, and had not given anyone consent to file a return on her behalf. KS had no knowledge of the dependents on the return, and currently does not have any dependents. KS was not familiar with the mailing address listed on the returns, located at 6280 North Fundy Street, Aurora, CO 80019. The Treasury Checks associated with the 2011 and 2012 returns were mailed to 6280 North Fundy Street, Aurora, CO 80019 on or about December of 2014, and subsequently deposited into a checking account held by JONES.

Ongoing Fraud

25. According to subpoenaed records, the current mailing address for JONES is 6280 North Fundy Street, Aurora, CO 80019.

26. Since JONES purchased the residence at 6280 North Fundy Street, Aurora, CO 80019 on or about March 31, 2014, at least thirty-four (34) returns bearing the same fraud indicators referenced above have been submitted to the Internal Revenue Service for at least nineteen (19) different individuals.

27. At least twenty-two (22) Treasury Checks have been mailed to 6280 North Fundy Street, Aurora, CO 80019 since on or about March of 2014. Of these twenty-two Treasury Checks, eight (8) Treasury Checks had unsuccessful attempts at being deposited in to an account held in the name of JONES, another eight Treasury Checks were successfully deposited in to JONES' checking account, and the remaining six (6) Treasury Checks were deposited in to the account of a known co-conspirator.

28. Two (2) Treasury Checks associated with false claims for the 2011 and 2012 tax years in the name of KS (referred to paragraph #24) were mailed to 6280 North Fundy Street, Aurora, CO 80019 and deposited in to Fidelity Account #XXXX-9502, controlled by JONES, on December 23, 2014 and December 26, 2014, respectively.

29. Based on your affiant's training and experience and a review of the evidence gathered to date, your affiant submits that there is probable cause to believe that MARK JACOB JONES, SR., and other known and unknown co-conspirators, devised a scheme to defraud the IRS with respect to fraudulent claims by obtaining money by means of materially false and fraudulent pretenses, and for purposes of executing such scheme, knowingly mailed via the United States Postal Service in interstate commerce, and knowingly possessed and used, without lawful authority the identification of another person to commit a felony.

30. To date, eight hundred twenty (820) Treasury Checks worth \$2,654,676.33 have been associated to the conspiracy; of which six hundred ninety eight (698) of the Treasury Checks worth \$2,273,119.52 were negotiated in the Eastern District of Virginia.

CONCLUSION

31. Accordingly, I submit that probable cause exists to believe that MARK JACOB JONES, SR., and others, known and unknown, committed the following offenses: (1) aggravated identity theft in violation of Title 18 U.S.C. § 1028A(a)(1), and (2) conspiracy to commit mail fraud in violation of Title 18, United States Code, Section 1349.

32. I therefore request the issuance of warrant to arrest MARK JACOB JONES, SR., based upon probable cause that each committed the offenses as outlined above and in the attached criminal complaint.

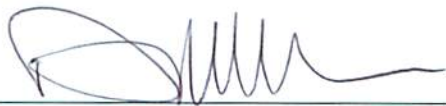
33. To protect law enforcement officers executing the warrant, to ensure that evidence is not destroyed by any targets of the investigation, and to avoid identifying targets of the investigation before they are charged, it is requested that this affidavit and accompanying applications and search warrant be sealed until further Order of the Court.

FURTHER YOUR AFFIANT SAYETH NOT.



Jeremy Ashe, Special Agent
Internal Revenue Service – Criminal Investigation

Sworn and subscribed to before me this 2^d day of March 2015 at Norfolk, VA.



UNITED STATES MAGISTRATE JUDGE
Douglas E. Miller
United States Magistrate Judge